THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) to (e) Information is being collected and will be laid on the table of the House.

Safeguard interest of investors of UTI Mutual Fund

250. SHRI A. VIJAYA RAGHAVAN: Will the Minister of FINANCE be pleased to state:

(a) whether UTI suspended sale and repurchase of its scheme US-64; if so the details thereof and the reasons therefor;

(b) whether Government have taken any steps to safeguard the interest of the investors of U.T.I. mutual funds;

(c) if so, the details thereof;

(d) whether the Chairman of the UTI resigned recently; and

(e) if so, the details thereof; and the reasons therefor?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) Yes, Sir. UTI announced on 2nd July, 2001, its decision to suspend both sales and repurchases of US-64 units for a period of six months upto December, 2001. US-64 Scheme has faced substantial redemptions in the months of April and May, 2001 which have adversely affected the value of its assets portfolio. The decision was taken with a view to arresting redemptions and restructuring the portfolio of the scheme.

(b) to (e) Keeping in view the interest of small investors, Government took the following steps:—

(i) The former Chairman of UTI was asked to step down on 3 July, 2001. His resignation was accepted by Government on the same day. A new Chairman, UTI was appointed on 14th July, 2001;

(ii) At Government's suggestion, IDBI has nominated Joint Secretary, Capital Markets Division, Ministry of Finance on the Board of Trustees of UTI;

(iii) Government held meetings with UTI officials. UTI decided on 15th July, 2001 to reopen limited repurchase facility for small investors from 1st August, 2001, details of which are provided in the Statement enclosed.

(iv) Government has constituted a three member High Level Committee to conduct an independent enquiry into, *inter-alia*, the investment decisions taken by UTI; and

(v) Separately, the Central Bureau of Investigation is investigating certain investment decisions taken by the former Chairman, UTI and senior UTI officials.

Statement

Details of limited repurchase facilities for small investors of US-64

1. All unitholders holding units as on 30th June, 2001 may offer for repurchase upto 3000 units per unitholder at any time during the period from 1st August, 2001 to 31st May, 2003 at the price indicated hereunder the NAV, whichever is higher.

Period	Amount (Rs.)
2001-2002	
August 2001	10.00
September 2001	10.10
October 2001	10.20
November 2001	10.30
December 2001	10.40

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Period	Amount (Rs.)
January 2002	10.50
February 2002	10.60
March 2002	10.70
April 2002	10.80
May 2002	10.90
June 2002	Book Closure
2002-2003	
July 2002	11.00
August 2002	11.10
September 2002	11.20
October 2002	11.30
November 2002	11.40
December 2002	11.50
January 2003	11.60
February 2003	11.70
March, 2003	11.80
a8.75April 2003.90	
May 2003	12.00
June 2003	Book Closure

2. US-64 will fully reopen for fresh sales and repurchases at NAV based prices with effect from 1 January 2002. Thereafter, for 3000 units per unitholder covered under measures in paragraph 1 above, the repurchase price would be the higher of the applicable repurchase price under paragraph 1 above or the then prevailing NAV based repurchase price. These 3000 units per unitholder will also be entitled to dividend, as may be declared.

3. The deficit, if any, between the NAV and the applicable repurchase price under paragraph 1 above will be met and so funded that this will prevent any NAV dilution on account of the measures at paragraph 1 above.

4. Adequate liquidity arrangements have been made to ensure that any funds needed for redemption will be available without UTI having to resort to large scale sale of its investments in the market.

Indirect Tax collection

251. SHRIMATI SARLA MAHESHWARI : Will the Minister of FINANCE be pleased to state:

(a) whether indirect tax collection for April and May, 2001 has shown a shortfall of nearly Rs. 1500 crores in the customs as compared to that in the same period of the last year;

(b) if so, what are the reasons therefor; and

(c) what steps Government are taking to augment customs collections?